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AGRICULTURAL COOPERATION

LEGAL, ECONOMIC, AND ORGANIZATION INFORMATION COLLECTED BY THE DIVISION OF COOPERATIVE MARKETING,
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February 19, 1927.

NEW CONTRACT FOR CALIFORNIA GRAPE GROWERS

The California Grape Growers' Exchange, San Francisco, at a meeting of the membership held January 11, took action to make binding the new marketing contract covering the years 1927, 1928 and 1929. At the same time the by-laws of the association were amended to include the contract and to increase the number of directors from nine to eleven. A resolution was adopted authorizing the board of directors to establish local and sectional groups for advisory and contact purposes.

According to the new contract the member agrees to "consign and deliver" as directed by the Exchange, the grapes he produces. The Exchange functions as an agent in making contracts for the sale of the grapes. It is empowered to deduct an amount not to exceed $2\frac{1}{2}$ per cent from the gross proceeds. The contract also provides for the payment of liquidated damages in the amount of \$20 a ton in case of breach of contract.

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AVOCADO EXCHANGE SHIPS CAR OF FRUIT TO NEW YORK

Sales amounting to more than \$100,000 for the past year are reported by the California Avocado Growers' Exchange, Los Angeles. This organization claims to handle practically all the avocados exported from California. On January 26, 1927, a car of avocados was shipped to New York City, consigned to the Exchange's own warehouse and salesroom for the eastern market. This was the first car load of avocados ever sent from California to that market. Shipments heretofore have been in less than carload lots.

The California Avocado Growers' Exchange was formed in January, 1924. At the end of 1926 it had 386 members, which was an increase of 100 per cent in the year. The organization has begun the publication of a house organ, "The Calavo News," an attractive monthly journal of eight pages.

Exchange fruit is being marketed under the trade name of "Calavo," meaning California avocado. An advertising campaign was conducted in the fall of 1926 to bring the merits of this fruit to the attention of consumers.

EASTERN SHORE OF VIRGINIA EXCHANGE SUSTAINS LOSS

Although the Eastern Shore of Virginia Produce Exchange, Onley, Va., has sustained operating losses for two years in succession, it still has a surplus of \$227,005. The losses on operation for the 1925 season were \$43,974 and for the 1926 season, \$18,256.

The activities of the Exchange for the 1926 season consisted of the marketing of 1,600,049 barrels of Irish potatoes, 674,276 barrels of sweet potatoes, 145,523 crates of strawberries, 72,226 hampers of cabbage, 37,105 crates of onions, and 72,971 packages of miscellaneous products. Total sales for the year were \$8,820,431 compared with \$10,678,310 for 1925. The Exchange purchased seeds for its members to the value of \$148,077, and packages to the value of \$103,695, making the total value of purchases, \$251,773.

Total revenues from all sources amounted to \$369,476 and expenses to \$387,732, which were 4.4 per cent of total sales and purchases. Patronage refunds have been made for nine of the last thirteen years. These refunds amounted to \$360,357.

Figures indicating the growth of the business since 1913 are given below:

Year	Number packages handled	Sales	Purchases	Profit or loss	Patronage refunds
1913	2,824,639	\$4,643,802	-----	-----	-----
1914	2,489,955	5,752,690	\$141,252	\$93,225	\$46,613
1915	2,995,151	* 3,395,082	-----	** 18,169	none
1916	3,122,970	6,865,781	106,005	113,044	56,522
1917	2,852,150	10,596,920	235,651	81,767	45,179
1918	1,884,795	8,690,426	174,648	32,756	21,628
1919	2,932,327	13,081,545	199,724	107,162	61,127
1920	2,937,784	19,269,890	398,752	** 19,710	none
1921	2,853,142	9,156,972	213,501	48,746	43,277
1922	3,212,150	9,511,124	209,724	56,755	38,618
1923	2,808,256	11,409,195	229,606	45,969	31,913
1924	3,477,520	10,465,667	191,148	15,480	15,480
1925	2,647,961	10,678,310	266,012	** 43,974	none
1926	2,602,150	8,820,431	251,773	** 18,256	none

* Sales and purchases.

** Loss

The Exchange was formed in 1900 and is serving about 5,000 producers who are grouped into approximately 30 units for shipping purposes and for the election of representatives on the board of directors.

INCREASED BUSINESS FOR CALIFORNIA ASSOCIATION

With the same acreage and approximately the same membership as in the previous season, the Anaheim Citrus Fruit Association, Anaheim, Calif., handled 38 per cent more fruit in 1926 than in 1925. This organization is one of the local units of the California Fruit Growers' Exchange. Grower-members delivered 520,828 loose boxes of oranges and the association shipped 825 car loads of 400 boxes each. Of the 825 cars 790 cars were loaded with Valencias. Total sales amounted to \$1,095,756, an average of \$1,328 per car. Growers received a net average of \$1.89 per loose box on all varieties and sizes, or \$2.98 per packed box on all grades and sizes of Valencias. This was an average of 1.3 cents for each of the 67,742,569 oranges packed. Culls, as such, brought returns of \$22,154 to the members, as indicated in their statements.

Unfavorable weather conditions resulted in many Valencias being unsuitable for shipment. Pools were by sizes and while the percentage of pack was lower than usual the percentage of desirable sizes was higher than in the previous two years.

All operations, such as picking, hauling, packing, fumigating, and the like, are done by the association at cost. Beginning August, 1925, and ending March, 1926, the association fumigated 98,253 trees for the members, at a total cost of \$25,744, or 26.21 cents a tree. This was an estimate of all overhead and operating expenses, insurance and depreciation. As the actual expense was less the association was able to make a refund of $9\frac{1}{2}$ per cent of each grower's bill.

Refunds to growers for the year reached a grand total of \$86,294. This included Fruit Growers' Supply Company stock, Exchange Orange Products Company stock, all interest paid to growers, cull money, refund on fumigation bills, redemption of Anaheim Fruit Association stock, and refunds from the central and district exchanges.

The refund from the operations of the Anaheim association was \$25,108, and from the Northern Orange County Citrus Exchange and the California Fruit Growers' Exchange, \$12,005, making a total of \$37,114, or 11.24 cents a box.

Four cents per packed box was retained for the revolving fund of the Fruit Growers' Supply Company, for which certificates will be issued. Four and one-half cents per box was retained for advertising "Sunkist" and "Red Ball" oranges.

After a thorough investigation the directors of the association have voted to install electric branding machines in both packing houses to brand the name "Sunkist" upon all oranges of that grade. The directors believe that the premium commanded by branded "Sunkist" oranges will be the means of bringing many growers into the exchange.

(For further information see this circular for February 15, 1926, P. 63.)

DAIRYMEN'S LEAGUE NEWS CELEBRATES TENTH ANNIVERSARY

The Dairymen's League News celebrated its tenth anniversary with the issue of February 11, the first number having been printed in February, 1917. The publication was started as a monthly. In February, 1919 it became semimonthly, and in October, 1921, it became weekly. It is still printed in the small village where started and by the same printer. Now its printing has become one of the major industries of the village. This paper is the official publication of the Dairymen's League Cooperative Association, Inc., New York City, and is devoted to the cooperative marketing of dairy products.

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ASSOCIATION SELLS HALF OF CONNECTICUT'S MILK

More than 12 million dollars' worth of milk was produced and sold during 1926 by the members of the Connecticut Milk Producers' Association, Hartford, according to the report of the manager at the eleventh annual meeting held January 3. Under its contract system the association is now selling over one-half of the entire quantity of milk produced in Connecticut. Milk is sold in 35 Connecticut cities and villages including all the large cities in the state.

The first years of the organization were experimental and many difficulties had to be overcome. In 1921 a uniform contract was adopted, followed in 1922 by the forerunner of the present pooling contract. Figures showing the number of members and the quantity of milk under contract each year since 1921, are given below:

Year	Number of members January 1	Milk under contract April 1 (Quarts per day)
1921	1,445	58,500
1922	2,008	118,000
1923	2,487	204,000
1924	2,934	224,000
1925	2,923	234,000
1926	3,100	277,000
1927	3,352	* 302,000

*January 1, 1927.

As the present contracts expire on March 31, a series of 50 meetings has been planned between February 14 and March 11, for the signing of contracts.

ORLEANS CREAMERY MAKES THREE MILLION POUNDS OF BUTTER

In the year ending November 30, 1927, the Farmers' Equity Cooperative Creamery Association, Orleans, Nebr., manufactured 3,056,152 pounds of butter. It sold 175 car loads, enough cars to make a train two miles long. Sales from all departments amounted to \$1,200,333, and net profits for the year were \$41,972. The various cream stations issued checks to producers to the number of 250,000. These are some of the important figures from the annual report and audit of the affairs of the creamery association.

Sales of butter amounted to \$1,161,505; sales of ice cream, to \$11,187; eggs, to \$31,213; poultry, \$952. Gross profits came to \$85,549, and expenses to \$44,576, leaving a net margin of \$41,972.

The creamery opened for business in May, 1917, and had the usual difficulties of a new concern and lost money the first year. Since May, 1918, it has made a substantial profit each year, and has built up a net worth of \$162,352. In the eight and one-half years the association has manufactured 13,968,449 pounds of butter, and the yearly margins have reached a total of \$242,584.

(See also Agricultural Cooperation, February 15, 1926, p. 72.)

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NEBRASKA CREAMERY OUT OF DEBT AND PAYING DIVIDENDS

After paying all expenses, setting up adequate reserves, and paying \$2,856 interest on shares, the Farmers' Union Cooperative Creamery, Fremont, Nebr., had a net saving of \$50,818 on its 1926 business to distribute to cream stations and producers. This amounted to about 2.4 cents per pound of butterfat.

Only a few years ago the creamery was so badly in debt that the shareholders had to sign a joint note to obtain credit. Now the deficit has been wiped out, and on January 1 the association had \$25,000 on time deposit, drawing 4 per cent interest.

In the past year the creamery made 2,532,672 pounds of butter from 2,050,722 pounds of butterfat, showing an overrun of 23.98 per cent. It paid an average price of 43.05 cents a pound for butterfat delivered at Fremont, and received an average price of 39.80 cents for butter. Operating expense was 3.2 cents per pound. Buttermilk is sold by the barrel without expense.

A larger building is needed for even the present volume of business, and at the annual meeting held January 25, a spirited discussion was held on the question of whether to enlarge the present plant or to erect more regional creameries throughout the northern part of the state. It was finally decided to enlarge the present building, and the articles of incorporation were amended to increase the authorized capital from \$50,000 to \$100,000.

CHEESE FEDERATION PAYS DIVIDENDS ON CREAM

While the cream department of the Wisconsin Cheese Producers' Federation, Plymouth, is only a side line, its business in the course of 1926 amounted to more than \$300,000. Patronage dividends on cream were paid during January and checks totaled \$10,776. Dividends to factories varied from a few dollars up to \$140, and checks to individual farmers varied from less than a dollar to \$87. Every Federation factory which does not make its own butter or patronize a nearby cooperative creamery is urged to sell its cream through the cream department of the Federation.

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ASSOCIATION AIDS PRODUCERS AND CONSUMERS

A summarized statement of the operations of the Indiana Dairy Marketing Company, Muncie, Ind., for the past three years, shows total quantity of milk handled, total sales, operating expenses, average prices to producers, and other items. From the statement the following figures have been selected.

	1924	1925	1926
Pounds of milk handled.....	7,352,057	7,847,258	11,618,185
Gross sale of all products.....	\$196,136	\$247,412	\$395,553
Average price to producers per 100 lbs. of milk.....	\$1.930	\$1.954	\$2.168
Average sale price per 100 lbs. of 3.5 milk.....	\$2.50	\$2.78	\$2.868
Total operating cost.....	*	\$64,816	\$82,058
Average operating cost per 100 lbs.....	*	\$.826	\$.70

* The figures for 1924 are omitted for the reason that the products of the factory for 1924 were materially different from 1925 and 1926. In 1924 a great part of the milk was separated.

Sales of dairy products in 1926 reached a total of \$333,209, of which \$3,375 was for butter. Purchases of supplies for members came to \$62,343. The membership of the organization which stood at 401 on December 31, 1925, increased by 56 during the year and numbered 457 on December 31, 1926.

This association was organized late in 1922 after an investigation of the dairy marketing situation by a committee from the Indiana Federation of Farmers' Associations.

HALF A BILLION DOLLARS FROM LIVESTOCK

Farmers' Union Livestock Commissions operating in nine livestock markets handled 3,853,176 animals during 1926. Total sales for the year were \$112,149,470. Total handlings included: cattle, 683,172; hogs, 2,532,997; sheep, 637,007. The largest volume of business was handled by the association at the National Stock Yards, East St. Louis, and the second largest volume by the association at St. Joseph, Mo.

The number of animals of each kind marketed by the commissions during the year and the total value are indicated in the table below:

Market	Cattle	Hogs	Sheep	Total	Value
	(Number)	(Number)	(Number)	(Number)	
East St. Louis	195,672	627,141	79,487	902,300	\$21,642,975
St. Joseph	92,206	426,937	56,547	575,690	17,942,886
Chicago	49,330	274,937	188,051	512,318	16,044,849
Sioux City	43,914	406,450	18,750	469,114	15,795,450
Omaha	70,407	349,777	23,868	444,052	15,250,000
Kansas City	146,595	236,076	54,890	437,561	12,795,646
S. St. Paul	37,544	115,256	14,980	167,780	5,750,276
Denver	12,255	68,948	197,744	278,947	4,962,281
Wichita	35,249	27,475	2,690	65,414	1,965,107
Total	683,172	2,532,997	637,007	3,853,176	\$112,149,470

The first of the Farmers' Union houses for the sale of livestock was opened at Omaha, Nebr., in the spring of 1917. Other houses were opened in 1919, 1921, 1922 and 1923. During the ten years the nine commissions have sold for their patrons, 22,916,625 animals for more than half a billion dollars. The growth of the business year by year is shown below:

Year	Cattle	Hogs	Sheep	Total	Value
	(Number)	(Number)	(Number)	(Number)	
1917	16,292	68,523	3,952	88,767	\$3,428,822
1918	41,955	204,311	4,390	250,656	11,207,985
1919	120,159	568,615	42,929	731,703	29,172,104
1920	154,942	783,795	51,015	989,752	33,887,026
1921	204,750	1,102,221	107,985	1,414,956	33,754,601
1922	381,543	2,016,670	155,091	2,553,304	56,719,902
1923	533,229	3,295,864	256,989	4,086,082	78,268,757
1924	685,743	3,752,008	444,208	4,881,959	93,792,911
1925	641,197	2,857,553	567,520	4,066,270	109,157,825
1926	683,172	2,532,997	637,007	3,853,176	112,149,470
Total	3,462,982	17,182,557	2,271,086	22,916,625	\$561,539,403

NEWS SERVICE BY LIVESTOCK COMMISSION

As a part of its service to livestock shippers, the Farmers' Union Livestock Commission, Chicago, Ill., and South St. Paul, Minn., has had a special bulletin on "The Cattle Outlook --- 1927" prepared for the guidance of persons raising and feeding cattle for the public markets. The 4-page sheet was prepared by a group of men with long experience and training. This is a new service to Farmers' Union patrons and may be made a regular feature.

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PRODUCERS GAIN BUSINESS AT NATIONAL STOCKYARDS

A gain of 10 per cent in business in the past year was reported at the fifth annual meeting of the Producers' Livestock Commission Association, East St. Louis, held on January 25. The manager reported that the association had again led all other agencies on the National Stockyards by handling 13,599 cars of the incoming stock, besides buying 251 cars on the market. The total for the year of 13,850 cars, which includes truck and river shipments, is an increase of 1,288 cars over 1925, or 10 per cent. Receipts included: cattle and calves, 158,205; hogs, 689,825; sheep, 91,022.

Gross sales reached a total of \$27,214,575, which was a gain of \$4,414,215 over 1925. The gross saving in earnings and reduced commissions was placed at \$128,769.

In the five years of operation the association has handled 60,500 cars of stock with a value of more than \$100,000,000, with savings in earnings and reduced commissions of over \$500,000.

In explanation of the remarkable showing made by this organization, the manager mentioned some of the special services which the Producers had added to the commission business. Some of these are as follows: (1) A stocker and feeder department for the convenience of persons who want their stock bought on the market. This department has purchased 2,317 cars of stock, and the same buyers now order year after year by mail with confidence that they need not visit the markets. (2) A claim department, operated free of charge, collected claims to the amount of more than \$10,000 in 1926. (3) A credit corporation loans money on cattle and sheep going to the feed lots. In three years it has loaned \$530,878 at a moderate rate of interest. (4) A calf-club show and auction sale has been sponsored at the yards for the past three years. Last year over 200 calves were shown and sold. (5) This association was largely responsible for the organization of the lamb pool of 1925. This was such a success that it was operated as a National pool in 1926 and 145,000 lambs were bought on the range and shipped to buyers at a saving of about \$2 a head. The association also participated in a calf pool through which 11,000 Highland-Hereford calves were shipped from the range direct to country buyers at a great saving from the market price.

SASKATCHEWAN LIVESTOCK ASSOCIATION REACHES OBJECTIVE

Announcement is made by the Saskatchewan Livestock Cooperative Marketing Association that it has reached its objective of 1,000 cars of stock to be marketed in 1927. Producers' contracts now on file number 2,413, and the stock covered by these contracts is estimated as follows: 15,307 cattle, 32,662 hogs, and 2,390 sheep.

The membership is located in 42 districts where local shipping associations have been organized or are organizing. Fourteen of these have completed organization. In most of the others a canvass for membership is being made, while in a few districts the work will be postponed until spring on account of the difficulty of traveling.

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COMMISSION TO STUDY LIVESTOCK MARKETING IN EUROPE

The appointment of a commission to investigate cooperative livestock marketing in Europe for the benefit of livestock interests of Saskatchewan, has been officially announced by the Saskatchewan Agricultural Research Foundation. The commission of five members is to visit Europe to gather information which it is hoped will be of special value to the recently organized Saskatchewan Livestock Cooperative Marketing Association, Ltd. The directors of the new organization believe it is highly advisable at the beginning of its work, "that it should have full detailed information pertaining to the production, processing and marketing of bacon hogs and the marketing of Canadian cattle in Great Britain, together with a study of the Irish cattle situation."

The commission will, therefore, make a study of the system employed in Denmark for many years in bringing Danish bacon to the English markets, and determine whether that system or some modification of it can be made applicable to conditions in Western Canada. The commission will also study the market in Great Britain for Canadian cattle, and the conditions affecting the cattle industry in Ireland. The findings of the commission are to be available to livestock growers of the province in general, as well as to the management of the new association.

This is the first application of the funds of the Saskatchewan Agricultural Research Foundation, a body organized to administer Saskatchewan's share of the surplus funds resulting from the operation of the Canada Wheat Board of 1919. The income from the fund is to be devoted to educational and research purposes in aid of agriculture.

PACIFIC COAST EGGS IN NEW YORK

Pacific Egg Producers' Cooperative, Inc., New York City, which is the selling agency for four large egg cooperatives on the Pacific Coast, reports that in the past year it handled 906,557 cases of eggs, worth more than \$10,500,000 for its members. The agency also began handling dressed poultry, and undertook several other lines of service, among which are the following: Studies of all influences affecting market conditions; efforts to discover new and better methods of handling eggs; and experiments in an effort to discover new and better methods of distribution.

One new enterprise was the opening of an office in Chicago for the distribution of PEP eggs in that section of the country, and another was the publication of a small house organ, "The Cackler."

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OHIO ASSOCIATION SELLS EGGS AND POULTRY

A total of 42,836 cases of eggs were received by the Ohio Poultry Producers' Cooperative Association, Wauseon, during 1926. The association also received from members, 516,324 pounds of poultry. Sales for the year were \$604,970 including sales of feeds to the amount of \$14,000, on which a profit of \$937 was made. Expenses for the year were \$92,738 which sum was \$4,300 less than the income of the association.

At the close of 1926 the land, buildings, equipment and tools were valued at \$13,851. The net worth at the close of the year was \$78,563, including membership notes to the amount of \$56,377, certificates of indebtedness of \$7,355 and reserves of \$14,830.

This association began operation in 1925. It serves about 1,800 members in Northwestern Ohio.

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ILLINOIS EGG ASSOCIATION MAKES FIRST ANNUAL REPORT

Egg sales by the Illinois Cooperative Equity Exchange Company, Effingham, Ill., amounted to \$81,277 in 1926. Of this amount, \$66,014 came from the sale of 222,596 dozen of No. 1 eggs; and \$15,263 from the sale of 59,130 dozens of No. 2 eggs. The average price for the No. 1 eggs was 29.6 cents and the average price for the No. 2 eggs was 25.8 cents. The handling expenses was $1\frac{1}{2}$ cents per dozen.

Poultry sales for the year were \$4,890. The total expense of operating the exchange was \$4,951, and the net margin as a result of the season's activities was \$150. Capital stock outstanding on December 31, last, was \$15,460. Fixed assets as represented by land, buildings and equipment amounted to \$18,426 on December 31, after having been subjected to deductions for depreciation.

HEAVY SALES REPORTED BY WASHINGTON EGG ASSOCIATION

At the tenth annual meeting of the Washington Cooperative Egg and Poultry Association, Seattle, held January 25, the reports presented showed an increase of business in every department. An increase of 1,628 in the membership brought the total to 6,624. During the year the association received from its members a total of 22,229,717 dozen eggs, 740,990 cases, for which average returns of 31.16 cents were made to the producers. The poultry department handled 1,246,927 pounds of poultry, and the feed department handled 83,246 tons of feed. During the year three new stations were opened, resulting in an increase in membership for the association of 30.8 per cent.

The growth of the business is indicated by the following table showing sales for the past five years:

Year	Eggs	Egg meats	Poultry	Feed	Egg-case pads
1922	\$2,522,180	-----	\$134,688	\$369,350	-----
1923	3,251,967	\$26,910	212,161	772,456	\$15,046
1924	4,009,997	57,316	230,217	1,265,678	18,787
1925	6,017,798	70,300	323,048	2,974,319	23,136
1926	7,871,243	80,016	487,637	6,195,258	27,982

Total sales for 1926 amounted to \$14,662,135, compared with \$10,969,501 in 1925. The gross trading profit for 1926 was \$1,753,152, made up of the following items from the different departments: Egg department, \$995,001; feed department, \$584,622; poultry department, \$140,334; egg meats department, \$16,296; pad manufacturing department, \$16,896.

The president reported that an 8 per cent dividend was paid on common and preferred stock. After charging off the losses, a deferred payment was made on eggs of 22.5 cents a case, also a refund for overcharges on feed, amounting to \$258,480, paid in preferred stock. A balance of \$191,514 was set aside as a reserve for emergencies.

The quantity of eggs handled yearly has increased each year since 1917 as is shown by the figures below:

Year	Cases	Year	Cases
1917	14,258	1922	266,284
1918	23,187	1923	373,112
1919	33,716	1924	326,135
1920	85,060	1925	531,090
1921	200,287	1926	740,990

MANY ATTEND ANNUAL MEETING OF IDAHO WOOL GROWERS

The 34th annual convention of the Idaho Wool Growers' Association, Twin Falls, was held at Weiser, January 16, 17, and 18, in connection with the annual meeting of the Idaho Cattle and Horse Growers' Association. Approximately 600 delegates and visitors were in attendance and three days were filled with reports, addresses, and discussions of the many problems connected with the industry, including production, marketing, transportation, freight rates, predatory animals, etc. Several reels of motion pictures illustrating the various phases of the sheep industry of Idaho were a feature of the program.

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NINETY PER CENT OF PACIFIC WOOLS SOLD TO MILLS

On December 30, 1926, the board of directors of the Pacific Cooperative Wool Growers met at the Portland warehouse and made plans for the coming season. Detailed reports were presented by the general manager and the salesmen of the association, and the directors reported for their respective districts.

The assistant manager reported a total of 2,130 active members, of whom 560 had joined the association since May 1, 1926.

A resolution was adopted asking the Division of Cooperative Marketing of the U. S. Department of Agriculture to make a business analysis of the operations of the association, with suggestions for improvements.

The reports of the manager and salesmen dealt in some detail with the present status of the textile industry, the limited demand for woollen goods, and the resultant conditions of the market. In spite of the many difficulties a large part of the 1926 clip was sold before the close of the year.

This association is endeavoring to build up a reputation with mills for good wools, properly graded and properly packed. Reports show that during the past season over 90 per cent of the wool was sold direct to mills.

A field service department was established early in the year in order to keep in closer touch with the membership. This department has served the members by issuing 10 circular letters, 7 bulletins, and holding 22 meetings and 14 grading demonstrations. More than 100 visitors have been received at the office and many personal contacts have been made with members on field trips.

Arrangements for financing for the coming season have been made with one of the large banks of New York City. The association will make pre-shearing advances to members, upon the execution of proper forms, and is planning to make more prompt settlement than heretofore.

ONTARIO HONEY ASSOCIATION GROWING

In the third annual report for the Ontario Honey Producers' Cooperative, Ltd., Toronto, Canada, the general manager of the association says that honey production in Canada has about quadrupled in the last six years. He expresses the opinion that the merchandising of honey has not kept pace with the increased production. He says in part:

Our company has unquestionably created and stimulated interest in honey through intelligent advertising and aggressive merchandising There is a great "battle of foodstuffs" on at the present time and always will be, and you must constantly keep your product before the consuming public and practically sell it for the retailer, otherwise he will not purchase. Advertised goods will always remain on the front counter. Obviously this can not be done by the individual beekeeper and must be handled by a company such as ours. Neither can the export markets be developed by the individual producer. Large export buyers must be assured of continuity of supplies in the containers required for the different countries and the product must be graded.

During the 1925-26 season the association marketed honey in Great Britain, Denmark, Norway, Sweden, Belgium, France, Holland, and Germany. The demand for honey in the Canadian cities of Toronto, Montreal and Hamilton was stimulated by an advertising campaign in which about \$20,000 was expended. Newspaper space was used, also bill boards.

A total of 6,678,302 pounds of honey of the 1925 crop was received from producers. This quantity had a value of \$709,830. The gross expense of operating the association for the 1925-26 pool year was \$169,723. Profits on supplies sold, profits from the bottling plant, assessments on direct sales, and penalties collected, amounted to nearly \$45,000 and were used as credits against expenses, making the net expenses for the year, \$124,816. The amount available for distribution to producers was \$536,927. The cost of marketing for the 1925-26 pool is given as 2.6 cents per pound compared with 1.4 cents per pound as the cost for the 1924-25 pool. The additional cost for the 1925-26 pool was largely chargeable to advertising and exporting costs. The 1924-25 pool consisting of honey of the 1924 crop, was less than half the size of the 1925-26 pool.

This association was chartered in 1923 and handled the crop of that year. It started with 358 members, but was soon serving nearly a thousand honey producers. Members are urged to sell locally as much as possible of their annual crops, paying an assessment into the organization. The association assists them to do local advertising; it also takes the carlot quantities and finds markets in the large cities and in foreign countries. The product handled by the association is marketed as "Beekist" honey.

POOLING A FEATURE OF OUR ECONOMIC SYSTEM

In recent years we have heard much about pooling. Some would have us believe that pooling is fundamental to cooperation and that there can be no cooperation without it. Others take the opposite view and go so far as to assert that pooling is economically unsound and as such will not endure. Probably not all the truth is on either side. Pooling may be economically unsound and when put into practice may wreck an organization, yet we practice pooling in many of the things we do daily and probably would be surprised if it were brought to our attention. We have accepted the custom as a part of our system; it has become a habit and we seldom consider its economic status.

In support of these remarks consider some of the common things of daily life. One man pays two cents to send a letter to a friend in the same city and another the same price to send one across the country or to another land. A company advertises a radio set at a stated price and guarantees to install it in any home in the city regardless of the fact that the costs of installation vary considerably. Obviously some buyers pay more than they should and some less. A retailer delivers his wares to customers in all sections of a large city at varying costs but the purchasers pay the same price for the like products. The retailer must pool his costs of delivery. The milk man and the ice man climb several flights of stairs to deliver their wares at my apartment but they reach my neighbor from the ground floor. A friend who is only five feet in height and of slight build, and another who is well over six feet and of fair proportions, both pay the same price for a suit of clothes. The tailor pools his costs but one man pays for more than he gets and the other for less.

Illustrations such as the above are numerous. A moment's reflection on one's daily activities will bring to mind many such instances. It is probable that we do more pooling now than in times past, for we are in an era of "one price" when the so-called "higgling" of buyers and sellers is largely a thing of the past. Public utilities, such as street railways, gas and electric companies, and other similar agencies, have increased greatly in recent years, and most of these apply pooling principles in their method of operation. Again, the number of activities carried on by governments in which pooling principles apply has increased.

In our emergence from an individualistic to an interdependent state, we have reduced in number the things done by individuals and increased the number preformed by groups, whether they be companies of a private or cooperative nature, or the larger organizations known as governments. In this transition we have increased the importance of cooperation and the application of pooling practices regardless of our attitude toward the principle.

J. F. Booth.

MORTGAGE DEFEATS SPECIFIC PERFORMANCE IN ALABAMA

On January 6, 1927, the Supreme Court of Alabama decided the case of Bishop v. Alabama Farm Bureau Cotton Association, 110 So. 711, against the association. The association brought suit against the defendant for the purpose of compelling him to perform his contract specifically by delivering 13 bales of cotton, and also sought an injunction to prevent him from disposing of the cotton outside of the association. The lower court entered a decree requiring defendant to perform his contract and he appealed.

Defendant, after his 1924 crop of cotton had been gathered, executed a mortgage thereon. The holder of the mortgage was not a party to the suit. Defendant claimed that he could not be compelled to perform his contract specifically, because the cotton involved was covered by a mortgage. The association contended that the mortgage was a sham but the court stated that the validity of the mortgage "can not be litigated in the absence of the mortgagees."

The cooperative act provided that an association organized thereunder should be entitled to an injunction to prevent threatened breaches of its contracts and to decrees for the specific performance thereof. The court said that the effect of this statutory language was only to obviate "the objection that bales of cotton may be purchased in the open market, and hence that specific performance of contracts for the delivery of cotton would, in the usual course of equity, be denied."

On the other hand the court said that the statutory provisions with respect to injunction and specific performance were to "be construed as contemplating the use of such remedies only in case they shall be found to consist with commonly accepted principles of right and justice, and defendant insists that the necessity of dealing with the rights of mortgagees should be reason enough for denying the remedy of specific performance, for the rule is that this remedy will be refused when it will prejudice the rights of third persons."

The court said that the evidence did not show that the holder of the mortgage did or did not have notice of the contract of the association, but the court stated that even though the holder of the mortgage had had notice that it would not operate to affect his right to the security involved. In this connection it is interesting to note that the Supreme Court of Kansas, in the case of Kansas Wheat Growers' Association v. Floyd, 227 P. 336, held that inasmuch as the holder of the mortgage took with notice of the marketing agreement of the association, that he must allow the wheat involved to be marketed through the association, which in turn was required to pay the holder of the mortgage the proceeds derived therefrom after deducting marketing expenses in so far as the proceeds were required to pay the mortgage.

In the case under discussion the court called attention to the provision in the contract providing for liquidated damages of 5 cents

per pound for all cotton produced by the defendant and disposed of outside the association, and said that the association could recover damages in an action at law from the defendant as provided for in the contract. But the court held that inasmuch as the cotton involved was under mortgage and as the holders of the mortgage were not parties to the suit, the lower court erred in decreeing specific performance of the contract and in this connection the court said:

No decree to which they are not parties should undertake to make a disposal of the property which might embarrass them in the assertion of their rights by driving them to a lawsuit, or, in the alternative, requiring them to submit the settlement of their claims to a negotiation with an adversary claimant, as the association appears to be in this case. The case for specific performance in this aspect rests, not upon the question of inconvenience to appellant, but upon the consideration that the discretionary remedy will not be enforced to the injury of third parties.

L. S. Hulbert.

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GROWING TOBACCO IN NAME OF ANOTHER

On December 17, 1926, the Court of Appeals of Kentucky decided the case of Burley Tobacco Growers' Cooperative Association v. Devine, 289 S. W. 253, in favor of the association. The association brought suit against Andrew Devine, a member of the association, and his daughter, Bee Devine, to enjoin the sale and delivery to any one other than the association of 5,000 pounds of tobacco raised in the year 1925. It appeared that the daughter of Mr. Devine leased seven acres of land, upon which the tobacco was grown, and the only question involved was whether this lease was made in good faith, or was simply a device to enable Mr. Devine to avoid his contract with the association. The lower court held in favor of the defendants and the association appealed. The appellate court in reversing the trial court among other things said:

Mr. Devine had been engaged in raising tobacco for a great many years. He signed a contract with the association. After becoming a member of the association, he dumped two of his crops and had to pay damages. Being dissatisfied with his membership in the association, and with the action of the association in requiring him to pay damages, he announced that he would not raise

any more tobacco. Miss Devine, who was then employed as a stenographer by the Southern Railway Company at Somerset, Ky., who had never raised a crop of tobacco, and who could not carry out the contract without the aid of her father, suggested that she make a contract with Mr. Caldwell. Even her mother said that she could not do this, as she was working some distance away. Mr. Devine then went to Mr. Caldwell, from whom he had been renting for a number of years, and had the contract drawn up between Mr. Caldwell and his daughter. From that time on, Miss Devine was never in the plant bed, the tobacco patch, or the barn where the tobacco was housed, and never employed any hands or gave any directions as to how the tobacco was to be raised. Though she came home during the summer, all that she did was to assist her mother, who was not very well, in looking after the cooking and housework. The only hand that she ever prepared any meals for was a general hand, who worked on her father's place and occasionally went to the tobacco patch. Notwithstanding the fact that the contract was made in his daughter's name, Mr. Devine furnished the labor, teams, tools, barn, and sticks necessary for handling the tobacco, and superintended the planting of the bed, plowing of the ground, the setting out of the plants, the hoeing, cutting, and the housing of the tobacco on his farm. Not only so, but he paid all the hands, and, at the time he testified, he had only received from his daughter the sum of \$60. In other words, the only difference between the steps taken by him in raising prior crops and in raising the crop in question was that the contract for the crop in question was made in the name of his daughter. A court of equity regards substance and not form. Can any one think for a moment that this arrangement would have been resorted to had it not been for the fact that Mr. Devine was a member of the pool? If it be once established that the statute and the pooling agreement made pursuant thereto may be defeated by an arrangement like this, then the whole plan of cooperative marketing is at an end. Looking at the transaction in the light of all the circumstances, there is no escape from the conclusion that the agreement in question was a mere device adopted for the purpose of enabling Mr. Devine to raise tobacco in his daughter's name, and thereby nullify his agreement with the association. Of course, a pool member may stop raising tobacco if he so desires, but he must act in good faith, and will not be permitted to escape liability to the association by merely raising the tobacco in the name of some one else.

L. S. Hulbert.

REPORTED BY THE ASSOCIATIONS

A seed rice department is being operated by the Arkansas Rice Growers' Cooperative Association, Stuttgart, Ark. Among the services rendered by the association is that of making germination tests.

A short course in marketing and rural organization is to be held at the Manitoba Agricultural College, February 14 to 25. The course includes ten lectures on cooperation. Three of the lectures are on general topics and the rest on the marketing of specific commodities.

Gross sales for 1926 by the Eastern States Farmers' Exchange, Springfield, Mass., were \$6,279,810, compared with \$5,979,965 for 1925. More than 131,000 tons of farm supplies, exclusive of seeds, were handled during the year. The net worth of the Exchange on December 31 was \$193,569, the 1926 business transactions having increased the surplus by \$77,065.

The annual cooperative school, under the auspices of the Texas Wheat Growers' Association, was scheduled to be held at Amarillo, Tex., January 31 to February 5, inclusive. Among the subjects listed for consideration during the six days meeting were: "Accomplishments and impediments of the Texas Association," "How the price of wheat is made," "Federal Trade Commission's report on the grain trade."

Grower-members of the Southern Michigan Fruit Association, Lawton, Mich., received \$226,232 for the grapes shipped through the association in 1926. Expenses for the year were \$11,533, and more than \$11,000 was available at the close of the shipping season for refunds to members. Supplies were purchased to the amount of \$60,000. This association has been serving between 400 and 500 grape growers since 1899.

Insurance on lamb shipments is provided to members by the Idaho Wool Growers' Association, Twin Falls, Idaho. Through an arrangement with an established company the association offers insurance of \$5 a head for lambs dying in transit and also pays for lambs which are crippled or hurt. Rates quoted are, 8 cents a head to Chicago, or about \$18 a car; 6 cents to Omaha, about \$13 a car; and 5 cents to Denver, about \$11 a car.

The Republic of Latvia, on the coast of the Baltic Sea, had 222 dairy cooperatives at the end of 1925, and 43 more were enrolled during the first half of 1926. The Central Union of Latvian Cooperative Dairy Societies was formed in 1921 and is the only organization of the kind in the country. Its most important activity is exporting butter. Nearly the entire product of the members is exported. Eggs, dressed poultry and cheese are also exported, and machinery, implements, feeds, and other supplies are purchased for the dairy farmers.

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